

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 STR-04 EB-08 COME-00 ITC-01 AID-05

CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /057 W

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3385

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E.O. 11652: N/A

TAGS: EINV KS

SUBJ: AMERICAN INTERNATIONAL UNDERWRITERS IN KOREA

REF: STATE 75782

1. BEGIN UNCLASSIFIED: ACCORDING TO NEWSPAPER ACCOUNTS, ROK FINANCE MINISTER KIM YONG-HWAN ANNOUNCED THAT TWO OR THREE FOREIGN INSURANCE COMPANIES WILL BE AUTHORIZED TO DO BUSINESS WITH KOREANS, PROBABLY STARTING IN MAY THIS YEAR. AUTHORIZATION WILL BE GIVEN TO JOINT VENTURES OR EXPANSION OF BRANCH BUSINESS WHICH HAD BEEN PREVIOUSLY ALLOWED FOR INSURANCE SERVICES FOR FOREIGNERS ONLY.

2. THE ANNOUNCEMENT SAID THAT AMERICAN INTERNATIONAL UNDERWRITERS (AIU) WILL BE AUTHORIZED TO DO BUSINESS WITH KOREANS FOR SOME FIRE AND OTHER SPECIAL TYPES OF INSURANCE THIS YEAR. A FULL LICENSE FOR MARINE, AUTOMOBILE AND LIFE INSURANCE WILL NOT BE AUTHORIZED AT THIS TIME.

3. THE ROYAL INSURANCE COMPANY FROM GREAT BRITAIN WILL FORM A JOINT VENTURE. FOREIGN EQUITY WILL BE LIMITED TO 30 PERCENT AND THE TAX EXEMPTIONS NORMALLY PROVIDED
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UNDER THE FOREIGN CAPITAL INDUCEMENT LAW WILL NOT BE ALLOWED (BUT NEITHER DIVIDENDS NOR RETAINED EARNINGS WILL BE TAXED).

4. SIMULTANEOUSLY WITH ALLOWING FOREIGN INSURANCE COMPANIES TO CONDUCT BUSINESS IN KOREA, ROK INSURANCE FIRMS EXPECT TO BE ABLE TO EXPAND THEIR OPERATIONS TO

FOREIGN MARKETS.

5. TO DATE TEN FOREIGN INSURANCE COMPANIES HAVE BRANCHES HERE, BUT WERE LIMITED TO SERVICING FOREIGN SOLDIERS AND CIVILIANS. END UNCLASSIFIED.

6. BEGIN LIMITED OFFICIAL USE: FOREIGN INSURANCE COMPANIES IN KOREA HAVE LONG SOUGHT TO EXPAND THEIR OPERATIONS. AIU IN PARTICULAR HAS BEEN NEGOTIATING FOR SEVERAL YEARS WITH THE ROKG, WITH A CONSORTIUM OF THE THIRTEEN KOREAN INSURANCE COMPANIES, AND WITH INDIVIDUAL KOREAN INSURANCE COMPANIES. THE KOREAN INDUSTRY FEARED FOREIGN COMPETITION AND HAD TO DATE SUCCESSFULLY FOUGHT OFF TTEMPTS BY THE ROKG TO ALLOW SOME LIMITED FOREIGN ENTRY. THE OLITICAL BATTLE SEEMS NOW TO HAVE BEEN WON BY THE FINANCE MINISTER, WHO HAS CONSISTENTLY SOUGHLUTO OPEN THE MARKET UP AND IMPROVE EFFICIENCY AND SERVICE THROUGH RGREATER COMPETITION. IT APPEARS TO HAVE BEEN SOLD TO THE KOREAN INDUSTRY AS THE QUID PRO QUO FOR IT TO EXPAND ABROAD.

7. AIU HAS EXPRESSED SATISFACTION AT THE DEAL IT HAS BEEN OFFERED AND DOES NOT INTEND TO PURSUE ITS THREAT TO LODGE A COMPLAINT OF DISCRIMINATION PER REFTEL. ALTHOUGH THE OFFER HAS NOT BEEN COMMITTED TO PAPER AND MANY DETAILS REMAIN TO BE NEGOTIATED, AIU WILL APPARENTLY BE ALLOWED TO WRITE CASUALTY, PERSONAL ACCIDENT, TRAVEL ACCIDENT AND GROUP HEALTH LIMITED OFFICIAL USE

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COVERAGE, AS WELL AS FIRE COVERAGE NOT REQUIRED TO BE UNDERWRITTEN BY THE KOREA FIRE POOL OFFICE. IN THE FUTURE AIU EXPECTS THE LATTER TO INCREASE (OR TO PARTICIPATE IN THE POOL) AND TO BE ABLE TO WRITE MARINE COVERAGE AS WELL. HOWEVER, LIFE INSURANCE HAS BEEN EXCLUDED EVEN FROM FUTURE CONSIDERATION AT THIS TIME, CONTRARY TO NEWSPAPER REPORTS.

8. AIU SAYS THAT THE BRITISH FIRM HAS BEEN DISCUSSING A JOINT VENTURE WITH SEVERAL KOREAN FIRMS AND THINKS IT MAY HAVE SETTLED ON ORIENTAL INSURANCE, AN AFFILIATE OF KOREAN AIRLINES. AIU DOUBTS THAT ANY OTHER FOREIGN FIRM WILL BE ALLOWED IN NOW, BECAUSE THE JAPANESE CONTENDER, TOKYO MARINE AND FIRE, HAS BACKED AWAY AND NO OTHER COUNTRY HAS A CANDIDATE. THE ROKG WOULD BE RELUCTANT TO ALLOW ANOTHER U.S. (OR BRITISH) COMPANY IN, AS THAT WOULD BE GROUNDS TO ARGUE THAT A SECOND BRITISH (OR U.S.) FIRM SHOULD BE APPROVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, BUSINESS FIRMS
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Original Classification: LIMITED OFFICIAL USE
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Review Exemptions: n/a
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Review Release Date: n/a
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Status: NATIVE
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TAGS: EINV, EIND, KS, XX
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Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/da4b30a1-c288-dd11-92da-001cc4696bcc
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